

June 13, 2003

Mr. David Pells
3829 Canot Lane
Addison, Texas
75001 USA

Dear David,

On behalf of the PMI Board of Directors, I would like to thank you once again for your letter dated May 26, 2003.

As you know, the PMI Board has established a communication process to ensure that every communication the Board receives is responded to in a timely fashion. Our objective with this process is to avoid a potential situation where everyone on the Board responds to a member communication (resulting in the original author getting 15 separate responses!) or no one responding, because they assume that someone else has.

Ken Hartley is responsible for coordinating the Board's communication process in 2003, and he has asked me to respond to your letter.

I trust you received my message dated June 1, acknowledging receipt and promising a response the week of June 9. As expected, I was not able to access my email from Russia. Thank you for your patience while I was temporarily off line.

David, I would have preferred to incorporate my response into the body of your original letter because I think it would have been easier to follow. Because the electronic version arrived in PDF format, I was unable to do that, which is why I am responding in word.

I've used the same heading and numbering system as your original message, in effort to make it easy to follow along.

1. The PMI Board of Directors

Thank you for your kind words and kudos to Becky Winston and Ken Hartley. We are fortunate to have such high caliber people on the PMI Board and I'm sure that your acknowledgment meant a great deal to both of them.

You indicate in your letter that you would prefer to see increased geographic, ethnic and cultural diversity on the PMI Board. While the governance model that the membership adopted in 1999 is not specifically a constituency based model, I believe the criteria established for the Nominating Committee does align with your suggestion.

Specifically, PMI's Rules of the Board state the following:

Rule of the Board 6.031

Every potential PMI Board candidate should display:

- 1. Loyalty to the Institute*
- 2. Verifiable high integrity and professional conduct*
- 3. Proven PMI leadership performance*
- 4. Enthusiasm and willingness to work and provide leadership for PMI*

5. *Proven business and project management experience*
6. *Proven experience in strategic thinking*
7. *Ability to work productively with full time staff*
8. *Knowledge of and support for core competencies of PMI*
9. *Ability to help build consensus and be a team player*
10. *Demonstrated global awareness of the Ends Policies of the Institute*

Rule of the Board 6.031

As a full body, the entire PMI Board should display:

1. *Demonstrated effectiveness in leadership with diverse constituencies and points of view*
2. *Ability to effectively communicate with diverse constituencies*
3. *Diversity in employment and work experience*

The Nominating Committee is charged with evaluating potential candidates against the stated criteria, and I have a high degree of confidence that the Nominating Committee for 2003 has done an outstanding job of identifying strong candidates for the membership to consider.

The PMI Board also recognizes that the skills required to effectively govern the organization may change as the organization becomes increasingly complex. As a result, the PMI Board has chartered a team to review the Board Nominations and Elections Process. One of the deliverables of the team is to recommend a process by which the criteria can be reviewed and updated to reflect the changing needs of the organization. Ultimately the membership determines who is elected to serve. The role of the Board is to enable the Nominating Committee to deliver a solid slate of candidates by equipping them with the right criteria.

The next part of your letter makes reference to “group think” and I would like to address that comment topic specifically since there appears to be a misunderstanding about the Board’s process.

Specifically, your letter states the following:

“While I agree that harmony is needed on the Board, that all should remain respectful and friendly, I also believe it is very dangerous if there is no dissent or opposing perspective. If there is no dissenting voice, or votes on the PMI Board, on ANY ISSUE, then I suggest someone ask the question “what are we missing here?” It might even be useful for the Board to ensure that someone be “devil’s advocate” on all strategic issues addressed by the Board. Also, while “speaking with one voice” sounds like a good idea, I found a number of Board members feeling emasculated by the pressure to “tow the company line.”

In order to address your concern, it’s important to make a distinction between the Board’s decision making process, and the process of communicating a decision that the Board has made.

Individual Directors are strongly encouraged to share their views during dialogue and deliberation, and I assure you they do just that. The PMI Board debates issues with tremendous passion and enthusiasm! Last October you had the opportunity to experience this first hand when the Board engaged in a very spirited discussion about the merits of having an “external” person serve on the PMI Board.

The Board makes decisions only after all of the diverse viewpoints have been shared and considered. The concept of speaking with one voice applies once a decision has been made. Individual Directors are expected to support the Board regardless of whether or not the decision made represents their personal views or preferences.

When I first learned of the concept, the person explaining it to me shared a personal example that I could

easily understand. In a family, as the children reach their teen years there are typically a host of decisions to be made about curfews, appropriate study routines, etc. It's not unusual for parents to have vastly different and strongly held opinions as to what is appropriate. Mom and Dad may debate the issues passionately; however, once they reach a decision they present it to their teen in a united fashion. It does not serve the parental relationship or the family unit well, if one of the parents publicly undermines the other parent or the decision that they jointly made.

While I'm sure this example may not illustrate the point perfectly, it was something to which I could immediately relate.

Putting it back in a PMI context – individual Directors should, and typically do, debate the issues with passion. When all of the views have been considered, the Board makes a decision and individual Directors are expected to support the decision and respect the collective wisdom of the Board. It does not serve the Institute for an individual Director to publicly criticize his or her colleagues, or undermine the Board's decision.

If it was your understanding that opinions should not be shared during dialogue and deliberation, then we need to improve the orientation process for new Directors. I thank you for pointing this out; it will enable us to improve our processes.

2. PMI as a Global vs. American Institute

David you've covered a lot of ground in this part of your letter and I have attempted to be responsive to the key points you've raised.

On the topic of globalization, the PMI Board has indeed embraced globalization as a strategic direction for the Institute, and it's true that the implications of becoming a global organization are profound and far reaching. It's possible that some of the ramifications will only be completely understood as the process unfolds.

Under Greg Balestrero's strong leadership, PMI is approaching globalization in a thoughtful and controlled manner to ensure that we don't inadvertently create new issues in the process of solving existing ones. Will PMI always get it perfect the first time? I wouldn't expect so, but the Board has a high degree of confidence in the ability of Greg and the professional staff to learn from any bumps we may encounter collectively along the way.

One of the points you've raised has to do with the topic of "Licensure" and I would like to address that point specifically because your understanding of the Board's conclusion is exactly the opposite of what the Board decided.

Your letter reads as follows:

"In my opinion, PMI and the PMI Board have taken exactly the wrong stance with respect to national PM associations around the world. This became clear to me last October as the Board debated issues related to "Licensure". In that case, I was shocked but also enlightened when the PMI Board decided that licensing is inevitable and that the best course of action for PMI is to prepare and position itself for that eventuality."

Because the Board commenced its deliberation on Licensure last March, prior to you joining the Board, I'd like to provide you with some background on the process and the evolution of the discussion.

In addition to revisiting the strategic planning process throughout 2002, the Board was looking to adopt a process for discussing complex issues – a process that would enable the Board to be responsive and nimble in an ever changing environment, and would facilitate knowledge-based decision making.

The strategic planning committee decided to pilot a technique developed by Tecker Consulting, and chose Licensure as the topic because it was both complex and timely. It appeared that efforts were being made to implement Licensure in various areas around the globe.

It was a fascinating and educational process. The first thing the Board learned was that the term “Licensure” means a lot of different things to different people and is not used consistently at all. Some people use the term “Licensure” to describe a process that is also known as “Title Regulation” while other use “Licensure” to describe what is commonly referred to as “Competency-based performance standards.”

After extensive research, the PMI Board determined that “Licensure” in the purest sense of the word was NOT inevitable and that the activities underway around the globe were not efforts to implement “Licensure”, but rather represented a broad range of activities such as the ones identified above.

Further, the PMI Board was not convinced that Licensure would be a positive step for the profession, for practitioners and academics, for employers of practitioners, or society overall. As a result, the PMI Board made a conscious decision NOT to devote resources to advocate either for or against Licensure.

Because motions generally focus on what an organization “will do”, not what the organization has decided “not to do” – it can be difficult to glean the full extent of the Board’s deliberations from reading the motion alone.

Although the PMI Board concluded that Licensure was not inevitable, or even imminent – it did take the position that PMI could do a number of things now that would provide immediate value to PMI members, while also positioning the Institute to thrive in a regulated environment, if and when that ever came to pass.

Below is the motion that was passed by the Board in October 2002.

Background

- *Whereas PMI has multiple obligations to the profession, its members and the PMI corporation.*
- *Whereas there are varying levels of activity and viewpoints with respect to regulation around the world.*
- *Whereas the element of title acts may be differentiated from broad regulatory efforts, and those efforts may carry a greater sense of urgency in terms of their impact on PMI, the profession and members.*
- *Whereas there are varying levels of maturity of the profession around the world.*
- *Whereas there are still fundamental strategic questions that PMI must address with respect to its global role.*
- *Whereas the Board believes that the regulatory environment may emerge as a reality, but before that time, the impact is uncertain.*
- *Whereas we as an organization, a profession, and a membership must prepare for a variety of eventualities regarding the regulation of the profession.*

Motion by Debbie O’Bray, seconded by Stephen Harrison,

Action

- *“Be it resolved that the PMI Board adopt a proactive role with respect to research, assessment and dissemination of information regarding the regulatory environment.*

- *Be it resolved that the board directs staff and the PMI organization to put into place the means to:*
 - *Strengthen relationships with academic institutions resulting in curricula that are able to support regulation of the profession.*
 - *Establish relationships with governments around the world in order to gain greater knowledge, and to initiate and influence dialogue on the issues.*
 - *Engage the support and active participation of components and cooperative organizations.*
- *Be it resolved that resources must be dedicated for organizational readiness, including:*
 - *Understanding the impact on PMI's programs, services, revenue streams.*
 - *Developing and implementing strategies to ensure PMI remains a viable organization in a regulated environment." Motion passed.*

David, it's not clear where the misunderstanding arose. It could have been a miscommunication, or perhaps the wording of the actual motion could have been crisper in order to reflect the Board's intentions. In any event, I do apologize for the misunderstanding and hope my explanation has been helpful.

The next point that I would like to touch on is your comment that in PMI's efforts to become global, perhaps a void has been created in the USA – and perhaps the organization has lost interest in American government stakeholders.

David, I don't believe this to be the case, but I respect that you may see it differently. I'm pleased to report that Wally Moore has recently joined PMI, accepting the position of Manager of Business and Government Relations. Wally is currently preparing a communication for the Board which identifies the numerous activities already underway, as well the activities that are planned. I expect the Board to be in receipt of that communication before its next meeting on July 6. I will make sure that you receive a personal copy of this communication.

The final point raised in this section of your letter is with a recommendation that PMI collaborate with ASAPM.

While the PMI Board is very committed to joint collaboration for the benefit of the profession and our members, the Board has determined that the way to have the greatest impact at this point in time is to strengthen our relationship with IPMA. The Board was delighted to learn that IPMA shared our views. I'm pleased to report that last week in Moscow, ten months of hard work culminated in the signing of a Statement of Principles between our two organizations. PMI's relationship with IPMA is a priority and we will be focusing our efforts on expanding our collaboration in meaningful ways.

3. The PMI Fellows

David, you raise a number of points related to the PMI Fellows including selection process, number of Fellows, geographic diversity of Fellows and PMI Fellows as a resource.

In terms of the selection process for Fellows, I can tell you that Greg Balestrero is currently undertaking a benchmarking initiative to learn how the Fellows process works in a variety of organizations. Preliminary findings suggest that there are a number of models and I expect the Board will engage in a rich discussion on this topic at an upcoming Board meeting, ideally in late 2003 or early 2004. With respect to geographic diversity of Fellows, while geographic diversity is not a criterion for nomination or selection, it need not be a barrier either. Nominations of qualified individuals are strongly encouraged, regardless of where someone happens to make their home.

The final point in your letter on the topic of Fellows has to do with respect, and in particular, you cited lunch in San Antonio as an example. David, your point is well taken, and I sincerely apologize for the disappointment the Fellows experienced last year. I had an opportunity to discuss the situation with two Fellows while in San Antonio, and although it was not easy to hear, I am grateful for their feedback. Fortunately, this is an area that

I can address immediately, and I committed to doing so when I was elected Chair. This year Greg and I will be extending a personal invitation to each and every Fellow to join us for lunch in my suite in Baltimore on Tuesday, September 23. We hope that by hosting the Fellows in the Chair's suite, it will demonstrate to the Fellows the high esteem in which they are held. It will be a great honor for me personally, and I sincerely hope that the Fellows will accept our invitation.

4. The Global PM Forum – an Opportunity Lost by PMI

The concern you raise has to do with PMI's involvement in the GPMF. A GPMF was held in Moscow last week in conjunction with the IPMA conference and was attended by the following Board members: Debbie O'Bray, Ken Hartley and Terry Warren. It was also attended by Greg Balestrero, Rebecca Moore and Steve Fahrenkrog from the staff. Steve participated in a panel and gave a paper. PMI had similar Board and staff participation last year in Berlin. While I cannot confirm that PMI will host a GPMF in the future, I can confirm that PMI will continue to seek innovative ways to bring the global community together. Greg and I had a preliminary discussion about this while in Moscow and I expect that a variety of ideas will begin to take form in the near future.

5. Global Responsiveness

David, the points you raise really focus in two distinct areas – decision making and action/implementation. In terms of decision making, the PMI Board recognized a need to enhance our ability to monitor the environment, identify critical issues, and make decisions (based on facts not opinion or "gut feel") in a more timely fashion. This is very much at the heart of the work that the Strategic Planning and Program Alignment committee of the Board has been working on for the past 15 months. Our enhanced processes enable the Board to continually refine PMI's strategy and provide valuable direction to Greg and his team. In terms of an ability to act or implement, this really falls into Greg's domain. I can tell you that Greg has recognized a number of opportunities through the balanced scorecard process. Specifically, Greg has identified a need to improve product development cycle time and is actively pursuing that now. Because I've been on the road for the past month, I have not had an opportunity to read my May *PMI Today*, but it includes an excellent article by Greg outlining his "agenda for change", which is wholeheartedly supported by the Board.

6. PMI's Real Resources

David, I'm not quite sure how to respond to this aspect of your letter except to agree with you that PMI has many precious resources including talented and passionate volunteers and a capable professional staff. The PMI Board firmly believes that PMI's vision can only be achieved if all of the resources are aligned and work together. PMI is a growing and learning organization. It is continuously seeking new and innovative ways to enhance processes and develop leaders so that PMI will continue to be the healthy and vibrant organization that it is today.

7. Alternative Future for PMI

This section of your letter primarily covers two points: a possible future that is focused more on business than members, and a suggestion that PMI merge with IPMA.

David, in ten short years PMI membership has grown from approximately 10,000 members to approximately 110,000. With growth like this, one can easily understand the need to formalize processes that were perhaps less formalized in the past. I can see how more formalized processes could lead someone to conclude that PMI's focus is shifting away from the members.

While the process of serving and communicating with members has definitely become more complex, PMI remains committed to understanding and meeting the needs of its members – today, and tomorrow. There's

no question that in order for PMI to remain a viable organization, it must think and act responsibly which some may describe as “business focused”, but members are and will continue to be a cornerstone of our organization.

In response to your suggestion that PMI merge with IPMA, this is not being contemplated. The signing of the Statement of Principles is an excellent first step on our journey towards deeper collaboration, and I anticipate exciting developments in the future. Both the PMI Board and professional staff are committed to this positive development in our relationship.

Summary

David, I feel that it's important to respond to one of the statements in the summary section of your letter. It reads as follows: “I don't know that I will ever serve on the PMI Board again though, and I don't know if I will ever have this opportunity to provide direct input or feedback to you.”

I think it's important to dispel the notion that one must be a member of the Board to provide direct input or feedback. Both the PMI Board and Greg Balestrero welcome feedback from any of our members, at any time. I can't promise that every member will always agree with every decision or action taken, but that wouldn't be a realistic expectation in any organization. What I can promise is that every member's comments will be acknowledged, listened to and highly valued.

In closing, I'd like to thank you for your writing to the Board, and thank you for the opportunity to respond. I apologize for the fact that my response has become a bit of a novel; I appreciate you reading it in its entirety.

David, my best wishes for continued success, health and happiness.

Sincerely,

Debbie O'Bray